



February 2018

## Personal Property Tax Exemption for Solar Panels

Michigan classifies solar panels as industrial personal property, *even if the panels are on a home or owned by an individual rather than a business*, and some communities assess a tax on them. However, taxpayers may be eligible to claim an exemption for their solar panels under the State of Michigan's Personal Property Tax law. If all of the taxpayer's commercial or industrial personal property located within the local tax collecting unit (city or township) is worth a total of \$80,000 or less, the personal property is 100 percent exempt.

### Who is eligible?

To be eligible for the exemption, the taxpayer must meet all the following criteria:

1. Be the owner of the personal property;
2. Have properly claimed the exemption (see below); and
3. Attest that the combined true cash value of all industrial and commercial personal property in that local tax collecting unit (city or township) owned by, leased to, or in the possession of that taxpayer or a related entity on December 31 of the immediately preceding year is less than \$80,000.

### How do I claim the exemption?

By February 20 of each year, the owner of the solar panels must file [Form 5076: Small Business Property Tax Exemption Claim under MCL 211.9o](#)<sup>1</sup> with the local tax collecting unit. The form must be delivered to the local unit where the personal property is located no later than February 20. If the form is mailed to the local unit, a postmark by February 20 is acceptable. If February 20 is a Saturday, Sunday, or legal holiday, the form must be delivered or postmarked by the next business day.

A taxpayer who fails to submit Form 5076 by the February 20 deadline may submit a late filing to the local Board of Review prior to the final adjournment of its March meeting. Property owners are encouraged to contact their local taxing unit to ensure they meet the Board of Review deadlines, as failure to file before the Board's final adjournment will result in loss of the exemption for that year.

<sup>1</sup>[https://www.michigan.gov/documents/treasury/5076f\\_493854\\_7.pdf](https://www.michigan.gov/documents/treasury/5076f_493854_7.pdf)

*Do I have to file for the exemption every year?*

Yes. A property owner must file Form 5076 for each year in which they wish to claim the exemption.

*Can I claim the exemption retroactively?*

No. Regardless of whether the taxpayer has claimed the exemption in previous years, they may claim it for the current tax year, provided the requirements of the exemption are met. However, there is no option for a retroactive exemption or refund of previously paid taxes for years in which the tax payer did not claim the exemption. Taxpayers who have not filed the affidavit in prior years are not eligible for the exemption in those years.

*Do I need to maintain any records?*

A taxpayer must maintain books and records showing the true cash value and ownership of the personal property for four years after filing Form 5076 claiming the exemption.

*Who can I contact if I have questions?*

Tax related questions should be submitted to your local assessor.

For all other questions, please contact the Michigan Agency for Energy customer service line at 800-292-9555.